

Message Text

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43

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 ARA-06 L-01 RSC-01 /026 W

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R 142020Z NOV 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 8583

LIMITED OFFICIAL USE SAN JOSE 4353

LIMDIS

E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: INQUIRY ABOUT FEDERAL RESERVE SYSTEM LISTING

1. THE EMBASSY HAS HEARD FROM A VISITING U.S. BANKER THAT THE FEDERAL RESERVE SYSTEM HAS PLACED COSTA RICA ON A "SPECIAL MENTION LIST," WITH THE RESULT THAT ALL BANKS UNDERGOING AUDITS WILL HAVE SPECIAL MENTION MADE IN AUDIT REPORTS OF ANY LOANS THEY MIGHT HAVE MADE TO COSTA RICA. APPARENTLY THERE ARE VERY FEW COUNTRIES ON THE LIST AND THE IMPLICATION OF BEING LISTED IS THAT SOME PROBLEM OF FINANCIAL SOUNDNESS OR SOME OTHER TYPE PROBLEM EXISTS.

2. THE EMBASSY WOULD APPRECIATE BEING INFORMED AS TO WHETHER THE FEDERAL RESERVE SYSTEM HAS TAKEN ANY SUCH ACTION AND, IF SO, THE IMPLICATIONS OF SUCH AN ACTION.

3. COSTA RICA HAS, OF COURSE, RECENTLY BEEN THROUGH A BALANCE OF PAYMENTS CRISIS, BUT THE GOVERNMENT IS TAKING SOUND MEASURES AND THE SITUATION APPEARS TO HAVE STABILISED. THE EMBASSY KNOWS OF NO REASON TO QUESTION COSTA RICA'S CREDIT WORTHINESS. THE COUNTRY COULD DRAW UP TO \$50 MILLION FROM THE IMF (IN ADDITION TO DRAWINGS FROM THE OIL FACILITY), AND "IN EXTREMIS" WOULD CERTAINLY TAKE FURTHER MEASURES TO RESTRICT IMPORTS, OR WOULD DEVALUE ITS CURRENCY, RATHER THAN DEFAULT ON ITS OBLIGATIONS.

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Message Attributes

Automatic Decaptioning: Z
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Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, CREDIT, INFORMATION CONTROL
Control Number: n/a
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Draft Date: 14 NOV 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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